

IDAHO BARLEY NEWSBRIEF

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breakfast meeting

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**Idaho barley
check-off dollars
at work...IBC will
host a Barley Town-
hall for growers,
handlers and end-
users on Oct. 27 in
Rigby** - As part of an
ongoing grower out-
reach, the Idaho Barley
Commission will host
growers and valued in-
dustry partners for a
**townhall breakfast
on Wednesday,
Oct. 27 at Me & Ed's
Restaurant in Rigby
(100 Main Street)
from 7:30 a.m. to
9:00 a.m.**

The IBC will conduct its
quarterly commission
meeting following the
breakfast and attendees
are welcome to partici-
pate in the board meet-
ing.

World malting barley market outlook

WORLD BARLEY SUPPLY AND DEMAND FUNDAMENTALS have im-
proved significantly this year over the previous year, but lackluster
beer demand still casts a long shadow over the malting barley market
and will likely keep malting barley prices from rising as rapidly as other
grains with tightening stocks-to-use ratios.

Here is a closer look at the world malting market fundamentals:

**LAST YEAR (MY 2009/10) was characterized by a large barley crop
worldwide with good malt quality in the face of weak beer de-
mand:**

- ✦ EU, Canada and US all had much larger malting barley crops with
large carryovers into the new crop year. Global barley carryover
rose 18% to 36.8 MMT.
- ✦ Global brewing demand fell slightly in 2009, after posting a robust
14% growth during the previous three-year period. Domestic beer
sales fell 2.2%, the first year-to-year decline since 2003.

**THIS YEAR (MY 2010/11) brought smaller crops with questionable
malt quality in both the EU and Canada, but beer demand re-
mains stagnant.**

- ✦ Global barley production is pegged by USDA to be down 17% to
124.6 MMT, the lowest level in more than 40 years. Global carry-
over is projected to fall sharply (down 43%) to 21.1 MMT.
- ✦ First half 2010 global beer sales are estimated to be up 1.4%, but
domestic beer sales are down 2.4% year-to-date.

2011 IDAHO MALTING BARLEY CONTRACTS

Anheuser Busch launched their 2011 contracting cam-
paign on Sept. 15, 2010, with an opening bid of \$5.25/bu or
\$10.94/Cwt. (-\$2.29 basis off of CBOCT Dec 11 wheat con-
tract). The bid is adjusted daily.

Other brewers and maltsters expect to release their
2011 contract later this fall or early winter.

Market Buzz ...

Taiwan interested in U.S. food barley

Interest in U.S. barley as a food product is growing amongst Taiwanese women. A recent workshop, co-sponsored by the U.S. Grains Council, introduced women to bakery products made from U.S. barley and wheat flour.

"The health food conscious general public in Taiwan is interested in the nutritional characteristics of barley," said Clover Chang, USGC director in Taiwan.

At the workshop, two famous bakers demonstrated the preparation of four bakery products and displayed around 20 Chinese-style and western-style products to 120 women in attendance.

The Council is focusing on the introduction of the food application and benefits of high beta-glucan U.S. barley to bakers, housewives and the general public. The Council's recent activities influenced local industry representatives to import approximately 200 metric tons (9,200 bushels) of U.S. barley for test use in food products.

The potential for food barley use in bakery products in Taiwan currently stands at about 100,000-200,000 metric tons (4.6-9.2 million bushels) annually.

"If the Taiwanese included barley in their rice at a 10 percent inclusion rate, this would create a market for an additional 150,000 tons (6.7 million bushels) of food barley per year. In the last marketing year, Taiwan imported 62,331 tons (2.8 million bushels) of U.S. barley.

From the federal frontlines...

Congress recesses with unfinished business - Federal lawmakers left Washington, D.C. in early October to return home to campaign for the midterm election. Most analysts are predicting a major shake-up in the Nov. 2 election, which is likely to significantly change policy priorities in January. But for now there remains a strong possibility that this congress will return for a lame duck session after the election to tackle some of the important ag-related business left on their plate...

- ✦ **FY 2011 appropriations** - Congress has not finalized any of its 12 annual appropriation bills, choosing instead to pass a temporary funding measure to fund the federal government at current spending levels through Dec. 3. Depending on what happens in this election, congressional leaders may want to try and pass an omnibus spending bill before the end of the year. **For now, funding for several important barley research projects that benefit Idaho barley producers is uncertain, including the overall budget for the ARS barley breeding program at Aberdeen, Idaho.**
- ✦ **Estate taxes** - The estate tax rate fell to zero this year, but without congressional action it will return to its pre-2011 level of 55% and a \$1 million exemption on Jan. 1, 2011. Congress is likely to take this on before the end of this year and is expected to either **extend the estate tax at 2009 levels (45% rate and \$3.5 million exemption per individual) or adopt a slightly lower tax rate with higher exemption levels**, perhaps phased in.
- ✦ **Biofuel tax incentives** - For the last several months Congress worked on various tax extender bills, but none were voted on before the recess. The latest effort to attach the biodiesel production tax credit to the small business economic incentive package failed in the Senate. The biodiesel production incentive lapsed last January which has thrown that industry into disarray. The current 45 cent-per-gallon ethanol tax incentive and 54 cent-per-gallon import duty will both expire at the end of this year. The outlook is uncertain whether these clean energy incentives will win congressional approval during a lame duck session. The latest news indicates that corn growers, ethanol producers and the Obama Administration are working on a new approach that might transition the current ethanol blenders tax credit (could be extended for one year at a lower level of 36 cent-per-gallon) to a refundable domestic ethanol producers tax credit at 25 cent-per-gallon.

EPA takes action on E-15 ethanol blending levels - Earlier this year EPA delayed its ruling on Growth Energy's petition for a waiver to allow up to 15% ethanol to be blended into the U.S. fuel supply. **On Oct. 13 EPA announced it is approving E-15 blends for use in 2007 and newer vehicles** based on data submitted by the Department of Energy on engine performance in newer models. A decision on E-15 in older vehicles won't come until further engine testing is completed.

Highlights of 2010 Idaho Barley Crop

USDA/NASS released their final 2010 Small Grains Production Summary on September. 30. Here are some highlights for the Idaho and U.S. barley crops.

HARVESTED ACRES

U.S. barley - 2.47 million acres, down 21% from last year, to the lowest level recorded.

Idaho barley - 470,000 acres, down 8%. According to the NASS barley variety survey that was released in July (funded by the IBC), 74% of Idaho's acres were planted to malting varieties and 26% to feed types. The leading varieties grown in Idaho this year include: Conrad (20.5%), Metcalf e(17%), Moravian 69 (11%), Baronesse (10%), Merit (7%) and Harrington (6%).

PRODUCTION

U.S. barley - 181.88 million bushels, down 20% from last year.

Idaho barley - 43.7 million bushels, down 10%, and the 2nd lowest

WINNER OF 2010 GUESS THE YIELD CONTEST -

Luke McCall, Heyburn, ID - will receive a guided fishing trip on an Idaho river. Sponsored by ...



University of Idaho receives funding as part of new Northwest Regional Climate Science Center

UI President Duane Nellis reported in late September that U.S. Secretary of the Interior Ken Salazar announced \$3.6 million in federal funding was being awarded to create the [Northwest Regional Climate Science Center](#), a regional consortium focused on climate science, and that the UI would receive more than \$981,000 of the total grant. Nellis said UI researchers will bring to this consortium expertise in areas that include wildlife management, stream and forest health at landscape scales, ecological resilience, and advanced information technology. Along with their colleagues at Oregon State University and the University of Washington, UI scientists will help develop tools for use by resource managers to adapt their work to deal with climate change. Nellis said UI's success underscores its strengths and adds to its growing national presence.